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Focus Minerals Limited

ABN 56 005 470 799

**Interim Financial Report
for the half year ended 30 June 2021**

Table of Contents

Corporate Information	3
Directors' Report	4
Auditor's Independence Declaration	6
Notes to the Consolidated Interim Financial Report	11
Directors' Declaration	16
Independent Auditor's Review Report	17

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Corporate Information

ABN 56 005 470 799

Directors

Dianfei Pei	Chairman - Non-Executive, Non-Independent
Zhaoya Wang	Director – Executive
Gerry Fahey	Director – Independent
Rodney Johns	Director – Independent
Lingquan Kong	Director – Executive

Company Secretary

Nicholas Ong

Registered and Head Office

Level 2
159 Adelaide Terrace
East Perth WA 6004

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East Perth WA 6892

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Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Banks

National Australia Bank
100 St Georges Terrace
Perth WA 6000

Bank of China Perth Branch
Ground Floor, 179 St Georges Terrace
Perth WA 6000

Industrial and Commercial Bank of China
Level 28, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Auditor

RSM Australia Partners
Level 32 – Exchange Tower
2 The Esplanade
Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Symbol: FML

Solicitors

MinterEllison
Level 4, Allendale Square
77 St Georges Terrace
Perth WA 6000

Directors' Report

The Directors of Focus Minerals Limited ("Focus") are pleased to present the Interim Financial Report for the half year ended 30 June 2021.

Directors

Dianfei Pei	Chairman - Non-Executive, Non-Independent
Zhaoya Wang	Director – Executive
Gerry Fahey	Director – Independent
Rodney Johns	Director – Independent
Lingquan Kong	Director – Executive (Appointed on 14 January 2021)

Directors were in office for the whole of the half year and up to the dates of this report, unless otherwise indicated.

Principal Activities

The principal activity of the Company during the year was gold exploration in Western Australia.

Review of Operations

Highlights

During the six-month period ended 30 June 2021, Focus Minerals Ltd ("Focus", "FML" or the "Company"):

- Released Laverton Stage 1 Open Pit PFS Progressive Results - announced to the ASX on 16 April 2021,
- Discovery at Skull Creek - announced to the ASX on 28 April 2021,
- Started of Coolgardie Gold Project approval process - announced to the ASX on 19 May 2021,
- Released Big Blow and Happy Jack Mineral Resource update - announced to the ASX on 21 May 2021,
- Released CNX Mineral Resource update - announced to the ASX on 24 June 2021,
- Discovery of CNX style mineralisation at Green Light - announced to the ASX on 24 June 2021

Coolgardie Gold Project

- Geotech, hydrogeological, material characterisation and metallurgical sampling significantly advanced to progress approvals for:
 - Brilliant,
 - Greenfields,
 - Bonnie Vale,
 - CNX,
 - Big Blow and,
 - Alicia,
- Resource drilling significantly advanced for Mineral Resource update in the second half of 2021 for the growing CNX deposit,
- Resource drilling advanced for maiden Greenlight deposit Mineral Resource (CNX style discovery).

Laverton Gold Project

- Resource and geotech drilling completed at Beasley Creek and Beasley Creek South with Mineral Resource reviews planned for second half 2021,
- Mineral Resource reviews planned for: Wedge Far North, Gladiator West, Mary Mac, Mary Mac Hill, Craigiemore, Bulldog and West Laverton in the second half of 2021,
- Karridale fresh rock metallurgy in progress for feed into follow up economic assessment.

Corporate

For the six-month period ended 30 June 2021, Focus incurred a loss of \$3.2 million (6 months ended 30 June 2020: \$5.4 million).

As at 30 June 2021, the Company has net assets of \$77.1 million (31 December 2020: \$80.3 million) and a cash balance, including short term deposits and restricted cash of \$24.7 million (31 December 2020: \$33.7 million).

Auditor's Independence Declaration

The declaration required under Section 307C of *the Corporations Act 2001* is set out on Page 6.

Significant changes in the state of affairs

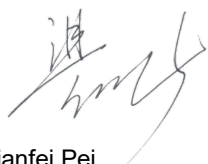
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of Amounts

The Company is of a kind referred to in *ASIC Legislative Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dianfei Pei
Chairman of the Board
10 September 2021
Jinan, Shandong, China

Auditor’s Independence Declaration



RSM Australia Partners

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2 The Esplanade Perth WA 6000
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AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Focus Minerals Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'Aik Kong Ting'.

AIK KONG TING
Partner

Perth, WA
Dated: 10 September 2021

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Consolidated	
	6 months to 30 June 2021 \$'000	6 months to 30 June 2020 \$'000
Revenue from continuing operations	49	142
Other Income	10	151
Employee Expenses	(775)	(650)
Depreciation Expenses	(165)	(199)
Finance Costs	(648)	(303)
Loss on disposal of tenements and plant and equipment	(38)	(2,434)
Care and Maintenance Costs	(701)	(760)
Corporate and Other Expenses	(932)	(1,325)
Exploration Expenses	-	-
Loss Before Income Tax	(3,200)	(5,378)
Income Tax Expense	-	-
Loss After Income Tax for the Period	(3,200)	(5,378)
Other Comprehensive Income for the Period, Net of Tax	-	-
Total Comprehensive Loss for the Period	(3,200)	(5,378)
Earnings per Share		
Basic Loss per Share (Cents Per Share)	(1.75)	(2.94)
Diluted Loss per Share (Cents Per Share)	(1.75)	(2.94)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		Consolidated	
	Notes	30 June 2021 \$'000	31 December 2020 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents		10,817	7,795
Short-term deposits		96	12,096
Trade and Other Receivables		196	252
Inventories		4	-
Total Current Assets		11,113	20,143
Non-Current Assets			
Restricted Cash		13,746	13,803
Plant and Equipment		851	804
Inventories		1,286	1,291
Right-of-use Assets		249	30
Exploration and Evaluation Assets	3	101,235	94,377
Total Non-Current Assets		117,367	110,305
Total Assets		128,480	130,448
Liabilities			
Current Liabilities			
Trade and Other Payables		1,549	749
Provisions		228	250
Other Current Liabilities		-	101
Lease Liabilities		87	25
Total Current Liabilities		1,864	1,125
Non-Current Liabilities			
Provisions		29,339	29,012
Borrowings		20,000	20,000
Lease Liabilities		166	-
Total Non-Current Liabilities		49,505	49,012
Total Liabilities		51,369	50,137
Net Assets		77,111	80,311
Equity			
Issued Capital	4(a)	427,167	427,167
Reserves		(7,178)	(7,178)
Accumulated Losses		(342,878)	(339,678)
Total Equity		77,111	80,311

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

	Issued Capital	Accumulated Losses	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 31 December 2020	427,167	(339,678)	(7,178)	80,311
Total Comprehensive Loss for the period	-	(3,200)	-	(3,200)
Balance as at 30 June 2021	427,167	(342,878)	(7,178)	(77,111)
Balance as at 31 December 2019	427,167	(331,820)	(7,178)	88,169
Total Comprehensive Loss for the period	-	(5,378)	-	(5,378)
Balance as at 30 June 2020	427,167	(337,198)	(7,178)	(82,791)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Consolidated	
	6 months to 30 June 2021 '\$000	6 months to 30 June 2020 '\$000
Cash Flows from Operating Activities		
Payments to Suppliers and Employees (Including GST)	(1,972)	(1,377)
Royalties Paid	-	-
Other Income	16	131
Interest Received	39	160
Finance Costs	(417)	(61)
Net Cash Outflow from Operating Activities	(2,334)	(1,147)
Cash Flows from Investing Activities		
Acquisition of Plant and Equipment	(196)	(117)
Proceed from Sale of Non-current Assets	-	-
Prepaid Income	-	-
Payment to Loans	(153)	(63)
Increase/(Decrease) in short-term deposits	12,057	(1,300)
Exploration Expenditure	(6,352)	(5,703)
Net Cash (Outflow)/Inflow from Investing Activities	5,356	(7,183)
Net (Decrease)/Increase in Cash and Cash Equivalents	3,022	(8,330)
Cash and Cash Equivalents at the Beginning of the Period	7,795	13,935
Cash and Cash Equivalents at the Ending of the Period	10,817	5,605

The accompanying notes form part of these financial statements.

Notes to the Consolidated Interim Financial Report

Note 1: Basis of preparation of half-year report

The interim financial report of Focus Minerals Limited (the “Company”), together with its controlled entities (the “Group”) for the half-year reporting period ended 30 June 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Reporting Standard IAS 34 ‘Interim Financial Reporting’.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2020 and any public announcements made by Focus Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of previous financial year and corresponding interim reporting period, unless otherwise noted below.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of the normal business activity and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$3.2m and had net cash outflows from operating activities and exploration expenditure of \$2.3m and \$6.4m respectively for the half year ended 30 June 2021.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after taking into consideration of the following factors:

- The Company plans to issue additional shares in the next 12 months under the Corporation Act 2001 or source other additional funding to support the operations;
- The Company is in negotiations to establish a debt facility with third party lenders; and
- The Company plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2: Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

All of Focus Minerals Limited's subsidiaries are wholly owned. The Group has three reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require differing processes and skills. The Chief Executive Officer reviews internal management reports on a monthly basis.

Segment Financial Information for the six months ended 30 June 2021 is presented below:

	6 months to 30 June 2021 Coolgardie \$'000	6 months to 30 June 2021 Laverton \$'000	6 months to 30 June 2021 Corporate \$'000	6 months to 30 June 2021 Consolidated \$'000
Revenue from continuing operations	6	19	24	49
Other Income	10	-	-	10
Employee expenses	-	-	(775)	(775)
Depreciation Expenses	(108)	-	(57)	(165)
Finance Costs	(115)	(175)	(358)	(648)
Loss on disposal of Assets	(38)	-	-	(38)
Care and Maintenance Costs	(262)	(439)	-	(701)
Corporate and Other Expenses	(303)	(1)	(628)	(932)
SEGMENT LOSS BEFORE TAX	(810)	(596)	(1,794)	(3,200)
Income tax	-	-	-	-
SEGMENT LOSS	(810)	(596)	(1,794)	(3,200)
Current Assets	287	253	10,573	11,113
Non-Current Assets				
- Restricted Cash	3,111	10,345	290	13,746
- Plant and Equipment	546	296	9	851
- Inventories	1,286	-	-	1,286
- Right-of-Use Assets	-	-	249	249
- Exploration and Evaluation Assets	50,859	50,376	-	101,235
TOTAL ASSETS	56,089	61,270	11,121	128,480
Current Liabilities	(977)	(429)	(458)	(1,864)
Non-Current Liabilities	(12,792)	(16,272)	(20,441)	(49,505)
TOTAL LIABILITIES	(13,769)	(16,701)	(20,899)	(51,369)
NET ASSETS	42,320	44,569	(9,778)	77,111

Segment Financial Information for the six months ended 30 June 2020 is presented below:

	6 months to 30 June 2020 Coolgardie \$'000	6 months to 30 June 2020 Laverton \$'000	6 months to 30 June 2020 Corporate \$'000	6 months to 30 June 2020 Consolidated \$'000
Revenue from continuing operations	19	63	60	142
Other Income	20	114	17	151
Employee expenses	-	-	(650)	(650)
Depreciation Expenses	(153)	-	(46)	(199)
Finance Costs	(112)	(187)	(4)	(303)
Loss on disposal of Assets	(2,434)	-	-	(2,434)
Care and Maintenance Costs	(335)	(425)	-	(760)
Corporate and Other Expenses	(484)	(320)	(521)	(1,325)
SEGMENT LOSS BEFORE TAX	(3,479)	(755)	(1,144)	(5,378)
Income tax	-	-	-	-
SEGMENT LOSS	(3,479)	(755)	(1,144)	(5,378)
Current Assets	364	1,494	5,277	7,135
Non-Current Assets				
- Restricted Cash	3,177	10,345	347	13,869
- Plant and Equipment	648	186	9	843
- Inventories	1,293	-	-	1,293
- Right-of-Use Assets	-	14	71	85
- Exploration and Evaluation Assets	42,676	46,203	-	88,879
TOTAL ASSETS	48,158	58,242	5,704	112,104
Current Liabilities	(627)	(737)	(631)	(1,995)
Non-Current Liabilities	(11,041)	(16,007)	(270)	(27,318)
TOTAL LIABILITIES	(11,668)	(16,744)	(901)	(29,313)
NET ASSETS	36,490	41,498	4,803	82,791

Note 3: Exploration and Evaluation Assets

	Consolidated	
	6 months to 30 June 2021 \$'000	As at 31 December 2020 \$'000
Exploration and evaluation expenditure at cost:	101,235	94,377
Movement Summary:		
Carrying amount at beginning of the period	94,377	85,899
Add – exploration expenditure	6,896	9,841
Add – rehabilitation liability adjustment classified as Exploration	-	1,553
Less – disposal of Assets previously classified as held for sale	-	-
Less – write-off of tenements allowed to lapse or dropped	(38)	(2,916)
Carrying amount at end of period	101,235	94,377

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration;
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale; and
- no significant changes in laws and regulations that greatly impact the Group's ability to maintain tenure.

Note 4: Issued Capital and Reserves*Authorised Capital*

The Company does not have an Authorised Capital and there is no par value for ordinary shares.

(a) Ordinary Shares

	No. of shares	As at 30 June 2021 \$'000	No. of shares	As at 31 December 2020 \$'000
Issued capital	182,748,565	427,167	182,748,565	427,167

Share Issue Details

There were no shares issued during the half year period (6 months ended 30 June 2020: Nil).

Voting Entitlements

At each shareholder's meeting each ordinary share is entitled to one vote on the calling of a poll, otherwise each shareholder is entitled to one vote on a show of hands.

(b) Dividends

No dividends have been paid or provided for during the 6 months ended 30 June 2021 (6 months ending 30 June 2020: Nil).

Note 5: Contingencies

There have been no changes to contingent liabilities or assets since 31 December 2020.

Note 6: Significant Events After Balance Date

There are no events, matter of circumstance has arisen after balance date that have significantly affected or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in the future financial periods.

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 303(5)(a) of the Corporations Act 2001.



Dianfei Pei
Chairman of the Board
10 September 2021
Jinan, Shandong, China

Independent Auditor's Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FOCUS MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Focus Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Focus Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Focus Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the consolidated entity incurred a net loss of \$3,200,000 and had net cash outflows from operating activities and exploration expenditure of \$2,334,000 and \$6,352,000 respectively for the half-year ended 30 June 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Focus Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A stylized, handwritten-style signature of 'Rsm' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'AIK KONG TING'.

AIK KONG TING
Partner

Perth, WA
Dated: 10 September 2021

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